

**Presentation 2.9:** Economic and environmental implications of woodfuel production and competition with other uses: Europe as an example

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**Abstract**

The ambitious and proactive policy of Europe in the field of renewable energies could serve as an example of the possible environmental and economic impacts of energy production from biomass. These impacts can be both positive and negative.

On the “*plus*” side, if the policies are well designed:

- the most obvious environmental impact is the climate change mitigation
- the most obvious economic impact is the increased level of income of forest owners and managers
- another economic impact is the decreasing dependence on imported energies and the related increased security of supply.

On the “*minus*” side, depending on the way the policies are defined:

- some of the environmental impacts might be a loss of biodiversity, a impoverishment of soil conditions, a loss of the sequestration potential in forests and in products, exported environmental impacts resulting from higher dependence on raw materials and biomass imports, challenged sustainable forest management
- on the economic side, the increased and somehow “unfair” competition on biomass might result in industry relocation, loss of added value, loss of jobs.

But solutions exist to address the economic, environmental and energy needs in a win-win manner.





## Economic and environmental implications of woodfuel production and competition with other uses

Rome - 30 October 2006



### Woodfuel: opportunities & challenges



#### Why fuelwood?

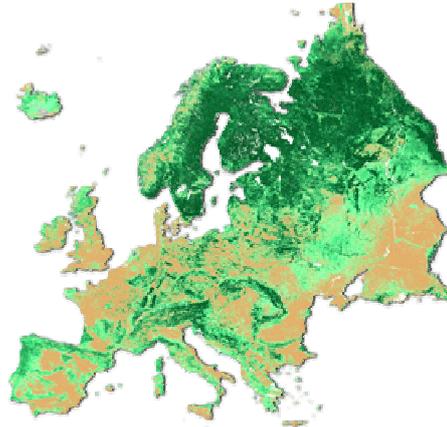
- climate change mitigation
- reduced dependence on fossil fuels
- reduced dependence on imports (?)
- market opening (?)





## Woodfuel developments: Europe specificity

- Europe: 192 mio ha, EU-25:  $\pm$  140 mio ha
- 1/3rd land use, growing annually by 6000 km<sup>2</sup>
- 60% owned by 16 million private forest owners
- Net annual increment in EU-25 is about 600 million m<sup>3</sup> under bark.
- The annual harvesting in EU-25 is about 380 million m<sup>3</sup> under bark.



## Wood fuel supportive policies

- Regional (e.g. EU, national, local)
- Market/support mechanisms:
  - Green certificates
  - Feed-in-tariffs
  - Tax incentives
  - Investment aid
- Indicative objectives/targets





## Woodfuel: positive environmental impacts

- Climate change mitigation



- Forest fires prevention



## Woodfuel: positive economic impacts

- Income to forest owners and managers
- Supports local – especially rural – livelihood
- Jobs creation (250000 to 300000 in Europe – EEA)
- Reduced dependence on energy imports
  - ➔ Value creation related to biomass-based energy takes place within the region





## Woodfuel: negative environmental impacts



## Woodfuel: exporting impacts



2003-2005

19 mills closed, for sale, in liquidation or bankrupt  
in Europe

2006

36 mills closed, for sale, in liquidation or bankrupt  
in Europe (RISI, 20 October 2007)





## Woodfuel: negative economic impacts

GERMANY



## Woodfuel: ways forward

- Bioenergy at any price !



- Competitive and market-based economy !





## Woodfuel: concluding



### The opportunity

Sound and competitive bioenergy development

### The threats

Short-minded subsidy-based bioenergy policies resulting in negative social, economic and environmental impacts

### The solution

Competitive forest-based industries' expertise in raw material mobilisation and biomass-based energy production



Thank you !